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For Immediate Release - January 10, 2013

GOVERNOR PATRICK ANNOUNCES LEGISLATION TO IMPROVE OVERSIGHT, EFFICIENCY OF LOCAL HOUSING AUTHORITIES

Legislation continues reforms the Administration has made to strengthen the Commonwealth's Public Housing System and to promote regionalization

BOSTON – Thursday, January 10, 2013 - Governor Deval Patrick today filed legislation that will professionalize, modernize and regionalize the operations and financial management of the Commonwealth's housing authorities. The proposals will change the governance structure of the housing authority system in order to protect the safety net that public housing provides for the Commonwealth's most vulnerable families, seniors and persons with disabilities and builds on the Administration's unprecedented commitment to public housing.

"This bill will simplify and professionalize our public housing system, improving transparency and accountability," said Governor Patrick. "We owe the residents and the public no less."

The legislation consolidates the state's 240 housing authorities into six regional housing authorities and builds on the steps the Patrick-Murray Administration has taken to increase transparency, accountability, performance, efficiency, innovation and cost savings in the state's public housing system. The reforms, part of a series of reforms the Governor is proposing to make government work better, are the latest step in the Administration's efforts to upgrade oversight and management at local housing authorities, and address issues that plague some authorities while also providing another opportunity for municipalities to regionalize certain services.

"This proposal builds on our Administration's regionalization agenda to increase efficiencies in the delivery of local services, while also addressing the capacity challenges some local housing authorities have had," said Lieutenant Governor Timothy Murray. "Housing authorities are an important part of the state's housing infrastructure, and we need to provide solutions that will improve the effectiveness of these facilities for the long-term."

The six regional housing authorities will take over ownership, and fiscal and operational management of all public housing in the Commonwealth.

Regional Housing Authorities (RHAs) will have professional senior leadership and centralize the Information Technology, Human Resources, administrative, accounting, procurement, and regional technical assistance functions -- producing cost savings and increased efficiency to the state and to taxpayers. The new system will take effect in July 2014.

The state's public housing portfolio is distributed across 242 cities and towns. Under the reformed system, each regional housing authority will consist of one executive director, a governing board, and central and regional management staff and local site managers. Current housing authority staff will have the opportunity to transition to positions within the regional housing authorities.

Underscoring the critical role that local communities play in supporting public housing, the legislation allows communities to retain control over land use and significant redevelopment decisions including change of use, ownership or the financing structure of an existing building or vacant land. RHAs will also be required to seek local input into an annual plan that outlines projected capital and operating expenditures and tenant participation activities.

"The reforms proposed by Governor Patrick will create significant and lasting benefits for local housing authorities and their residents," said Aaron Gornstein, the Undersecretary of Housing and Community Development. "We will continue to make a strong commitment to revitalizing state public housing so that we can provide high quality housing for low income residents."

Through the regional housing authority system, local site managers and maintenance staff will effectively provide for the needs of

the property and its residents. Tenants and communities will find significant increases in operational capacity through the addition of regional staff and centralized back-office operations, including regional property managers, resident service coordinators, capital planning and project management staff and maintenance professionals with work crews. In addition, central staff will include senior managers, finance staff and functions such as human resources, accounting, and application and wait-list operations.

Each RHA will be accountable to its local communities, tenants and the Department of Community of Housing and Development through a governing board, which will include nine un-paid members to be appointed by the Governor. Six members will be housing professionals, three of which will be nominated by local governments from the region, two will be tenants and one union representative.

Staff at the Department of Housing and Community Development will continue to dedicate their attention to oversight of housing authorities, supporting innovation and best practices. This includes a robust process for tracking and monitoring reporting requirements, including a system of regular review of local housing authority operations.

The reforms announced by Governor Patrick today follow a series of immediate changes made by the Patrick-Murray Administration last year to improve management at local housing authorities. Those changes include:

- Implementing a new vacancy policy in which the state withholds funding to housing authorities for units vacant more than 60 days without a waiver.
- Implementing a formula funding system which provides every housing authority a predictable needs-based share of capital funds to ensure a more effective capital investment program.
- Requiring local housing authorities to produce an annual independent audit to the Department of Housing and Community Development.
- Requiring housing authorities with state-supported public housing to provide DHCD with the top five salaries of management staff; setting a cap on executive directors' total compensation at \$160,000.
- Mandating authority board members certify directors' salaries and detail benefits every year, capping annual salary increases at a level consistent with comparable municipal employees, and requiring housing authorities confirm monthly meeting occur and confirm attendance of board members.

"The way the system is currently being managed is not cost effective," said Alexa Daily of the Preservation of Affordable Housing, Inc. "The goal reform is transparency, economic efficiency and ultimately improved housing for our residents. As private property management of affordable housing has taught us the cost per unit reduces as the size of the entity increases."

"The system we have right now was a great system at the time of the New Deal," said Jeffrey Sacks, Commissioner of the Newton Housing Authority. "The laws, the federal and state public housing system we have, came out of the New Deal and the 240 housing authorities were necessary at that time to create the thousands of units which were developed at that time. Today, the challenge is management of our approximately 80,000 unit portfolio and the system we have is completely antiquated and needs to change dramatically."

Maintaining and strengthening the state's public housing system is part of the Patrick-Murray Administration's comprehensive effort to provide quality housing to everyone in the Commonwealth. This includes maintaining the nation's strongest emergency housing safety net while increasing investments in homelessness prevention and permanent housing solutions, and creating new housing in areas near public transportation that is attractive and accessible to families and individuals. It also furthers the Patrick-Murray Administration's goal of ensuring that municipalities have the ability to increase the efficiency and effectiveness of local services through regionalization.

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